



UNITED STATES DEPARTMENT OF EDUCATION

March 16, 2023

The Honorable Chad Aldis
Director of Education
Iowa Department of Education
400 East 14th Street
Des Moines, IA 50319

Dear Director Aldis:

The U.S. Department of Education (Department) received your written plan for a reasonable level of tolerance when calculating whether the Iowa Department of Education (IDE) has met State maintenance of equity requirements under the American Rescue Plan Act of 2021 (ARP Act). This written plan applies only to a subset of Iowa's local educational agencies (LEAs).

The ARP Act State maintenance of equity requirements help ensure that State funding supports LEAs with high concentrations of poverty and the students who have been subject to longstanding opportunity gaps in our education system and experienced the greatest impact from the COVID-19 pandemic. These requirements are vital for ensuring that States maintain funding to address the impact of the pandemic on students' education, and for protecting students in high-need and highest-poverty LEAs from disproportionate cuts if reductions in State effort do occur.

The Department determined that it is consistent with the State maintenance of equity requirements to allow a State educational agency (SEA) to calculate whether it has maintained funding equity with respect to its very small high-need and highest-poverty LEAs within a reasonable "tolerance level." The Department's determination is based on the possibility of significant volatility in the calculated per-pupil funding amounts for very small LEAs caused by small changes in student enrollment, which may be unrelated to whether an SEA has achieved the intent of the requirements. (See *Frequently Asked Questions, American Rescue Plan Elementary and Secondary School Emergency Relief Program, Maintenance of Equity Requirements*, July 26, 2022, Question 21(a).)

According to materials provided by IDE, Iowa's funding formula includes a base allocation for all students, as well as weighted funding for students who require additional services (students eligible for special education, English learners) and/or additional funding for special arrangements (concurrent enrollment, shared operational functions). In the context of these funding weights, IDE asserts that calculated per-pupil funding amounts for very small LEAs are significantly affected by small changes in student population. This makes the per-pupil funding amounts in Iowa's very small LEAs an imperfect indicator of whether the SEA has achieved the intent of maintaining equity in funding across LEAs. For example, one LEA's regular education funding amount increased by 2 percent; however, due to a decrease in the district's special education count, overall per-pupil funding decreased by over 2 percent. Student count changes may reflect graduation, transfer to a different LEA or out of receiving special education services, or a decrease in the level of services identified and provided.

Accordingly, IDE proposes three tolerance levels:

- 1) For LEAs with a 600 or fewer students, IDE proposes to tolerate a 6 percent reduction in per-pupil funding from year to year.
- 2) For LEAs with a 1000 or fewer students, IDE proposes to tolerate a 1 percent reduction in per-pupil funding from year to year.
- 3) For LEAs with a 1400 or fewer students, IDE proposes to tolerate a .3 percent reduction in per-pupil funding from year to year.

Applying the percent tolerances outlined above would impact 11 very small LEAs in FY 2022 that served 1.2 percent of Iowa's students and 20 very small LEAs in FY 2023 that serve 1.6 percent of Iowa's students.

After reviewing IDE's tolerance proposal and accompanying data, the unique circumstances in the State, and our further State-specific analysis, we have determined that this approach includes a reasonable level of tolerance when calculating whether Iowa has maintained equity for very small LEAs in FYs 2022 and 2023.

We appreciate your diligence in developing this proposal. If you have any questions, please contact your program officer at: Iowa.OESE@ed.gov.

Sincerely,

Laura Jimenez

Laura Jimenez
Director, Office of State and Grantee Relations
Office of Elementary and Secondary Education
United States Department of Education